

Current Financial Statements – What’s Necessary to Price An Offering

2020 Calendar

Weil

(For FYE December 31, 2019 Companies)

W Third Quarter 2019 Needed	E Year End 2019 Needed	I First Quarter 2020 Needed	L Second Quarter 2020 Needed	G Third Quarter 2020 Needed	O SEC Holiday	T Comfort Can Be Problematic*	S Staleness/10-Q Gap Period*
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January							February							March							April						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4						1	1	2	3	4	5	6	7				1	2	3	4	
5	6	7	8	9	10	11	2	3	4	5	6	7	8	8	9	10	11	12	13	14	5	6	7	8	9	10	11
12	13	14	15	16	17	18	9	10	11	12	13	14	15	15	16	17	18	19	20	21	12	13	14	15	16	17	18
19	20	21	22	23	24	25	16	17	18	19	20	21	22	22	23	24	25	26	27	28	19	20	21	22	23	24	25
26	27	28	29	30	31		23	24	25	26	27	28	29	29	30	31					26	27	28	29	30		

May							June							July							August						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
					1	2		1	2	3	4	5	6				1	2	3	4							1
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29
31																					30	31					

September							October							November							December						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5				1	2	3	1	2	3	4	5	6	7			1	2	3	4	5	
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12
13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26
27	28	29	30				25	26	27	28	29	30	31	29	30						27	28	29	30	31		

Key

LAF: Large Accelerated Filer is an issuer with aggregate worldwide market value held by non-affiliates of \$700mm or more, as of the last business day of the issuer's most recently completed 2Q. A LAF remains a LAF until the issuer determines at FYE that it falls below the \$500mm threshold as of the last business day of the issuer's most recently completed 2Q (note the SEC has proposed to increase this \$500mm threshold to \$560mm)

AF: Accelerated Filer is an issuer with aggregate worldwide market value held by non-affiliates of \$75mm or more but less than \$700mm, as of the last business day of the issuer's most recently completed 2Q. An AF remains an AF until the issuer determines at FYE that it falls below the \$50mm threshold as of the last business day of the issuer's most recently completed 2Q (note the SEC has proposed to increase this \$50mm threshold to \$60mm)

AOF: All Other Filers

IPO: After February 14, 2020, year end financial statements for 2019 will be necessary for any IPO or any issuance by a delinquent filer or "Loss Corporation" (i.e., a company that does not expect to report positive income after taxes in the latest fiscal year or did not report positive income after taxes in both of the two prior fiscal years)

W: White polka dots indicate that the accountants may resist giving negative assurance comfort in the "comfort letter" 134 days after the end of the third quarter (i.e., after February 11, 2020) in light of guidance provided in PCAOB AS 6101. Consider whether procedures and findings (or "pass through") comfort, as contemplated by PCAOB AS 6101, may be appropriate and sufficient for an offering during this period

G: Green shading indicates the gap period between the staleness date and when the issuer's 10-Q is required to be filed, as the staleness date can fall a few days before the 10-Q due date. The SEC staff, however, often permits an issuer that has timely filed its reports during the previous 12 months to file and go effective on a registration statement after the staleness deadline and prior to the filing of its next 10-Q. During this gap period, consider whether foregoing updated quarterly financials is appropriate

Acquired Business Financial Statement Requirements

Certain historical financial statements of recent or probable acquisitions may need to be included in the offering materials. The following basic 2 step process gives a general sense of what may be required

Step 1 – Determine the highest level of "significance" that the recent or probable acquisition represents for the Buyer based upon the following 3 prong test:

- Buyer's investment in the Target compared to the Buyer's total assets;
- Buyer's share of the Target's total assets compared to the Buyer's total assets; and
- Income from continuing operations before income taxes of the Buyer compared to that of the Target

Step 2 – Determine what, if any, additional financial information is required to be included:

Highest Significance Level	Target Historical Financial Statement	Pro Forma Financial Statements
Below 20%	None	None
20% < 40%	1 year plus any interim period	1 year plus any interim period
40% < 50%	2 years plus any interim period	1 year plus any interim period
Above 50%	3 years (or, for an EGC, certain 144A offerings and other situations, 2 years) plus any interim period	1 year plus any interim period

Note: There are exceptions and variations on the above analysis. In addition, in May 2019, the SEC proposed extensive changes to these rules regarding financial statement disclosure for recent and probable acquisitions. Consult your Weil contact to discuss